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SUBJECT: JAPAN RE=ORGANIZES FOREIGN AID POLICY BUREAU

11. Summary: USAID Counselor paid introductory courtesy calls the week of July 20 on the leadership of the Ministry of Foreign Affairs's (MOFA) International Cooperation Bureau, including Masato Kitera, Director General for International Cooperation, Akira Yamada, and newly-arrived Kazuo Sunaga, two key deputy DGs in the bureau that oversees Japanese ODA and foreign assistance policy. DG Kitera underscored the high value he places on foreign aid coordination with the U.S., espoused a practical approach to joint efforts, and relayed his satisfaction with donor cooperation results in Afghanistan, global health, and prospects for future coordination in Africa. DG Kitera also outlined a re-organization of his MOFA Bureau that takes effect July 27, reflecting climate change as a top priority. Deputy DG Sunaga suggested that foreign aid collaboration with the United States would continue to be important part of the broad bilateral relationship, no matter the result of Japan's upcoming elections. End Summary.

12. Reflections on Afghanistan-Pakistan: DG Kitera was fresh from his trip to Afghanistan and Pakistan to view first-hand Japanese assistance efforts in both countries. Kitera relayed that he was impressed and re-assured from what he saw on the ground in Kabul, citing both progress on Japan's assistance programs and his general impressions of the workings of the Afghan government (GOA). Clearly pleased with the strong Japanese commitment to Afghanistan, he mentioned in particular public security assistance and the GOJ's ongoing payment of salaries for the 80,000 members of the local Afghan police force. Kitera also indicated the GOA seems to be working closely together well. Kitera cited a comprehensive policy dialogue meeting he had with all the Cabinet vice ministers in which he observed "very good cooperation and open information sharing" between the GOA ministries. DG Kitera was less upbeat about progress to date in Pakistan, citing what he called a general lag in terms of overall multilateral and bilateral donor disbursements, and obstacles to getting flowing very substantial funding pledges made earlier at the Tokyo-hosted April conference. While not being specific on that point, he shared his view that there was still a lot of work that could be done on all sides to enhance coordination.

13. Continental Commitment: DG Kitera also underscored Japan's continued commitment to Africa, where the GOJ has pledged to double ODA levels by 2012. As a key architect behind Japan's leadership on the Tokyo International Conference on African Development (TICAD) process, a multi-donor consultative effort designed to increase Africa assistance, he views coordination between U.S. and Japan in Africa as particularly important. Both Kitera and AID Counselor were aware of already strong on-the-ground coordination efforts between USAID and JICA (Japan International Cooperation Agency) in certain countries such as Tanzania, but agreed we can do much more in a part of the world that is a clear mutual development priority and where Japan is substantially increasing its foreign aid. Africa was also focal point for AID Counselor visit with Deputy DG Yamada and will report Septel on delivery of Embassy demarche urging increased assistance for Ethiopia, Somalia, and Kenya.

14. Regional Foci, ClimateChange stand out in Re-org: DG Kitera

shared the outline re-organization of the International Cooperation Bureau, which goes into effect on July 27. The re-org dissolves divisions organized along mechanism or "scheme" lines within the Bureau, such as for grants, loans, or technical cooperation. This tracks with last year's consolidation of responsibility for aid implementation within JICA, in to which the formerly independent development loans bank JBIC was subsumed. The re-organization now solely divides responsibility along regional, functional, or sector lines, and structures the International Cooperation Bureau into nine divisions. The regional re-org adds a third country or regional division and integrates Afghanistan and Pakistan oversight into its "Second Country" planning division for Southwest/Central Asia and Latin America. MOFA's First Country Planning Division is in charge of East/Southeast Asia and Oceania, the obvious area of most interest to Japan, and its "Third country" planning division will handle Europe, Middle East, and Africa. The re-organization also notably designates a separate division solely for Climate Change, one of only three "sector" divisions, the others being "Global Issues," and "Global Environment." DG Kitera indicated he would personally follow and be involved with the Climate Change Division owing to its priority, and agreed with AID Counselor that climate change is a particularly promising area for expanded U.S.-Japan cooperation

15. Kitera closed the meeting by pledging his ongoing interest in expanding aid coordination and expressed keen interest in travelling to Washington to visit with the next USAID Administrator as soon as he/she is named and confirmed.

16. "Co-Equal Cooperation": AID Counselor also met with Kazuo Sunaga, who recently returned from a Middle East posting to take up one of three deputy DG positions in the International Cooperation Bureau. Sunaga, a well-respected MOFA diplomat and veteran of Japanese aid policy issues, indicated Afghanistan-Pakistan assistance oversight would be among his principal responsibilities in the Bureau. Sunaga also was involved in the 1990s in drawing up the long-standing U.S.-Japan partnership on global public health, just recently renewed in June through the signing of a joint action plan by USAID and MOFA.

17. Sunaga offered his view that ODA will be a very good area for close cooperation between the United States regardless of which administration assumes power following the August 30 elections. Reading directly from a copy he had of the Democratic Party of Japan (DPJ) campaign "manifesto," Sunaga cited DPJ goals of fighting global pandemic diseases, protecting the environment, reducing poverty, and realizing the Millennium Development Goals (MDGs). Sunaga pointed out that while the DPJ goals seem very similar to the LDP's own current objectives and initiatives, DPJ tries to differentiate by saying foreign aid will be delivered through the prism of what it calls "benefit for human security." Sunaga also cited the DPJ mantra-like focus on being "co-equal" with the U.S. as a potential opening for continued strong foreign aid cooperation between the two countries if it is to be the DPJ that assumes power.

Sunaga, himself involved in the U.S.-Japan security alliance negotiations, and referring to what he called an obvious imbalance there, stated that foreign aid and global development may be the single most promising area in which both countries can truly work together as "co-equals."

ZUMWALT